



Steve Adams
State Treasurer

Dear BEST Participant:

I hope you and yours are having a wonderful New Year. Included in this issue of "The BEST News" is information about our new investment savings plan beginning soon, some important new changes in the pre-paid program that may affect you, and information about accessing and using your units for college.

One of the most convenient services offered by the BEST program is the ability to access your account information by telephone. With the simple touch of a few buttons, account information can easily be accessed without going through a customer service representative. Callers are asked to provide a contract number and the last four digits of the beneficiary's social security number. You will be given the account balance of units and the last four deposits since the most recent statement. This service is an asset to those who just want to know if we have received a payment or how many units are available for use. You can access this information 24 hours a day by calling 1-888-486-BEST.

I hope you enjoy this issue of "The BEST NEWS" and find it informative; please share it with a friend. We appreciate your participation in our program.

Sincerely,

Steve Adams
Chairman, BEST Board of Trustees

Program Changes

Effective January 1, 2000, the following program enhancements will take place with the BEST prepaid and savings programs:

- The penalty for non-qualified withdrawals (refund of tuition units for reasons other than death, disability or scholarship) has been reduced from 50% to 10%
- Contribution limit increased to \$100,000 per beneficiary (previously the limit was 1500 units)
- In addition to tuition, fees and room & board, eligible expenses also include books, supplies and off-campus housing. The annual federal limits for off-campus housing are \$1,500 for residing at home or \$2,500 for other housing.
- A beneficiary who is also the refund recipient must wait until age 20 to request a refund. (Previously the age was 18.)
- Scholarship recipients may request an advance in their scholarship value by paying a 10% penalty.

Investment Savings Plan Coming Soon

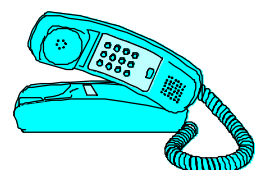
In addition to the current prepaid tuition plan, the State of Tennessee will soon offer an investment savings plan as well. The investment savings plan will be managed by TIAA-CREF Tuition Financing, Inc., a New York-based, financial services organization with over \$200 billion in assets under management.

Under the investment savings plan, any person may contribute to a savings account established with the Program on behalf of a child regardless of whether the child or purchaser is a Tennessee resident. The contributions would be invested by the Program in a product which changes asset allocation (equities vs. fixed income) over time based upon the age of the child. The investment savings plan offers the same tax benefits as the prepaid plan but could earn rates in excess of tuition inflation. Individuals can participate in the prepaid plan, the savings plan or both, but transfers are not allowed between the programs. This second plan is scheduled for implementation in February 2000. For more information, call **1-888-486-BEST** or **534-8056** (in the Nashville area).

New Unit Price

The unit price increased effective January 1, 2000 to \$30.25 per unit. If you currently purchase units each month through ACH or payroll deduction, remember to adjust your amounts to reflect the new price. All changes must be made in writing. You may send changes via Fax at (615) 734-6467 or mail: BEST, P.O. Box 198786, Nashville, TN 37219-8786.

Call us...



Toll Free!

1-888-486-BEST

Visit Our Web Site

www.treasury.state.tn.us/best.htm

Customer Service Corner

Below are some frequently asked questions received on our customer service hotline **1-888-486-BEST**.

Q I need to change my address on my contract. How do I do this?

A All contract changes, including address changes, must be sent to us in writing. We are not permitted to take them over the phone. Mail changes to: BEST, State of Tennessee Treasury Department, P.O. Box 198786, Nashville, TN 37219-8786. Or you can fax changes to us at (615) 734-6467.

Q Where can my tuition units be used? (This question is one of the most frequently asked questions.)

A **One of the unique features of BEST is that tuition units may be used anywhere in the nation.** You do not have to choose a specific school when you enroll in this program. The tuition units may be applied toward the cost of tuition, mandatory fees and room and board at any accredited two or four-year school, any accredited graduate or professional school – whether public or private, in-state or out-of-state, or any accredited junior college or technical school.

Payroll Deduction

Payroll deduction is available to all employers and offers the same benefits as the ACH debit. You can automatically make regular contributions to a BEST account. This will ensure that your contribution is not overlooked. Contact your employer to find out if payroll deduction for BEST has been established. If payroll deduction is not available, encourage your employer to contact our office for more details.

Thanks to the following companies set up for payroll deduction who understand the importance of beating the rising costs of a college education:

Andrews Distributing Co., Inc.
The Arnold Palmer Golf Co.
Bohan, Carden & Cherry
Bolivar General Hospital
Camden General Hospital
Chattanooga Group, Inc.
Chester County Board of Education
Cleveland Utilities
Cumberland Marketing
Don Smith Ford Lincoln-Mercury
Environmental Science Co.
Erwin Health Care Center
Gibson General Hospital
Harold Ward, Jr., CPA, PC
Humboldt General Hospital
Impact Centers, Inc.
Jackson-Madison County General Hospital
Jackson Utility Division
Milan General Hospital
Pathways
SCT Thread, LLC
Southern Insurance Services, Inc.
Vaughn Electric Co., Inc.

Program Statistics

- ✓ 5,870 participants have enrolled totaling more than
- ✓ \$18.1 million in assets (market value)
- ✓ 704,505 units have been sold

Counts as of December 5, 1999

BEST Welcomes New Director



Effective October 1, 1999, Diana Collins was appointed as Director of the BEST program. Ms. Collins

was previously the Director of the Careers NOW Program, an internship placement and recruiting program for the State of Tennessee's constitutional offices. She has been employed with Treasury for four years and received her Bachelor of Science Degree from Fisk University and a Masters Degree in Business Administration from Tennessee State University. We welcome her aboard.

How Many Units Do You Have?

Do you need to access your account information but can't call during our office hours? With the simple touch of a few buttons, you can easily access your account information 24-hours a day by phone without going through a customer service representative. You will be asked to provide your contract number and the last four digits of the beneficiary's social security number so be sure to have those numbers ready when you call. You will be given the account balance of units and the last four deposits or withdrawals since the most recent statement.

This service is an asset to those callers who just want to know if we have received a payment or how many units are on their account. You can access this information 24 hours a day by calling **1-888-486-BEST**.

Do You Know Someone Who Should Know About BEST?

Do you belong to a group or organization whose members would like to learn about BEST? To arrange to have a speaker at your organization's next meeting call the BEST Customer Service Hotline at **1-888-486-BEST**.

Are you ready to pay for college?

If your child is age 17 or older and getting ready to attend college, it's time to start thinking about how and when you want to use your BEST prepaid tuition account. You will need a Tuition Use Form, a consolidated statement, and an instruction guide. If you have not received this information and have a child who will be entering college soon, please call our office at 1-888-486-BEST to request this information. Remember, all units must be on account at least two years before redemption.

The BEST News is published semiannually to keep participants of the Baccalaureate Education System Trust informed of program enhancements and other program activities. Please send your comments and/or suggestions regarding article topics for future issues to: Doris H. Goodson, Editor, Baccalaureate Education System Trust, P.O. Box 198786, Nashville, TN 37219-8786.

The information in this newsletter is subject to legislative change and judicial interpretation. It does not supersede nor restrict procedures or authority established under state or federal law. Statutory authority for BEST is contained in T.C.A., Title 49, Chapter 7, Part 8.

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